

100 S**Tax Imposed on Certain Built-In Gains****19**

▶ For use by S corporations only. Attach this form to the Corporation Franchise or Income Tax Return (Form 100)

Corporation name

California corporation number

Part I

| | | | | | |
|---|---|---|----|--|--|
| 1 | a | Net unrealized built-in gain recognized this year — Business | 1a | | |
| | b | Net unrealized built-in gain recognized this year — Nonbusiness | 1b | | |
| | c | Total net unrealized built-in gain recognized this year. Add line 1a and line 1b | 1c | | |
| 2 | a | California portion of unrealized gains recognized this year — Business | 2a | | |
| | b | California portion of unrealized gains recognized this year — Nonbusiness | 2b | | |
| | c | Add line 2a and line 2b | 2c | | |
| 3 | | Net income after state adjustments from Form 100, Side 1, line 12 | 3 | | |
| 4 | | Enter the lesser of line 2c or line 3 | 4 | | |
| 5 | | Net operating loss from C years (IRC Section 1374(b)(2) deduction limited to the amount allowable for state purposes. Attach FTB 3805V) | 5 | | |
| 6 | | Subtract line 5 from line 4 | 6 | | |
| 7 | | Multiply line 6 by 9.3% (full corporate tax rate) or financial rate | 7 | | |
| 8 | | California tax credit carryovers from C years | 8 | | |
| 9 | | Built-In Gains Tax. Subtract line 8 from line 7. Enter here and on Form 100, Side 1, line 18 | 9 | | |

Part II

| | | | |
|---|---|---|--|
| 1 | Net unrealized built-in gains for federal purposes | 1 | |
| 2 | State basis adjustments | 2 | |
| 3 | Other state adjustments | 3 | |
| 4 | Total unrealized built-in gains for state purposes. Combine line 1 through line 3 | 4 | |
| 5 | Built-in gains recognized this year (attach computation schedule) | 5 | |
| 6 | Remaining California built-in gains. Subtract line 5 from line 4 | 6 | |

Instructions**General Instructions for Part I**

For income years beginning on or after January 1, 1987, California conforms to the federal Internal Revenue Code provisions for S corporations with some modifications. California conforms to IRC Section 1374, as amended by the federal Tax Reform Act of 1986, which provides for a built-in gains tax. The built-in gains rules apply to corporations that were C corporations at the time of the S corporation election.

Specific Line Instructions for Part I

Line 1. Enter on line 1c the amount from Part II, line 5. Corporations deriving income entirely from California sources must complete line 1c only. All other corporations must segregate the amount on line 1c into gain from business assets (line 1a) and nonbusiness assets (line 1b). Use the same classification used in computing Schedule R (Form 100).

Line 2. Corporations deriving income entirely from California sources must enter the amount from line 1c on line 2c. All other corporations will:

- Apportion the business gains on line 2a by the apportionment percent calculated in Schedule R (Form 100);
- Allocate to California the gains from non-business assets in accordance with the method used in Schedule R (Form 100); and
- Enter the total of line 2a and line 2b on line 2c.

Line 5. Enter the amount from FTB 3805V, Net Operating Loss Deduction, Part II, line 5 on this line. Reduce future NOL carryovers by the amount applied on this line.

General Instructions for Part II

The amount of net unrealized built-in gains, for California purposes, is computed without regard to the apportionment percentage or business-nonbusiness classification of the assets.

Specific Line Instructions for Part II

Line 1. Enter the amount of built-in gains from federal Form 1120S, page 2, Question T

Line 5. Enter amount from federal Form 1120S, Schedule D, line 19, adjusted for applicable state differences included on line 2 and line 3